

News Release

For immediate release

Harper Government Introduces Legislation to Address Rail Capacity Challenges

March 26, 2014 – Ottawa, ON – Transport Canada & Agriculture and Agri-Food Canada

Agriculture Minister Gerry Ritz and Transport Minister Lisa Raitt today introduced in Parliament the Fair Rail for Grain Farmers Act, strong action to respond to the challenges currently facing Western Canada's rail shipping system. This legislation amends the *Canada Transportation Act* and the *Canada Grain Act*, providing additional measures designed to help the entire grain transportation system reach the goal of getting product to market quickly and more efficiently following a record crop year for Canadian farmers.

The Government of Canada is taking immediate, concrete action to get grain moving faster through legislation and regulations designed to:

- Increase supply chain transparency;
- Strengthen contracts between producers and shippers; and,
- Help ensure the entire grain handling and transportation system is working efficiently at the top of its capacity.

The Government of Canada is also taking steps to address the medium and long-term implications of higher crop yields and extreme cold weather. Going forward, railways will be required to deliver more timely data on grain movements to better monitor the overall performance of the supply chain. The Canadian Transportation Agency will also gather information from all grain supply chain partners on shipping capacities and plans prior to each new crop year, and will advise the Minister of Transport whether specific grain volumes should be mandated for the coming year.

Furthermore, the Government will accelerate the review of the *Canada Transportation Act* with a view to further improving Canada's grain handling system over the long term in order to achieve improved capacity, predictability, planning and accountability for all parties in the supply chain.

Quick facts

- This year's Western Canadian crop, at 76 million tonnes, is 50% higher than average. This volume is putting significant pressure on Western Canada's grain handling and transportation system. As the Government continues to work with farmers to invest in research and innovation, higher yields will continue to be the new reality across Canada.
- On March 7, 2014, Minister Raitt and Minister Ritz announced immediate and concrete action to get grain moving more efficiently in Western Canada. The recently announced Order in Council obligates Canadian National (CN) and Canadian Pacific (CP) to increase their capacity to each carry a minimum of 500,000 metric tonnes of grain per week, by the week of April 7, and for them to report on the volume of grain moved each week.



- The order imposes these obligations from March 10 to June 7, 2014. It creates a legal obligation on railways, and penalties of up to \$100,000 per day could be imposed on them for failing to comply. The proposed legislation extends these performance requirements to August 3, 2014.

Quotes

"This legislation creates the necessary tools to help ensure Canadian shippers have access to a world-class logistics system that gets their commodities to market in a predictable and timely way," said Minister Ritz. "Farmers and our economy need a system that works today and tomorrow, with the capacity to move what is grown."

Agriculture Minister Gerry Ritz

"A strong rail-based supply chain system is essential so that Canadian shippers can remain competitive in domestic, continental and offshore markets," said Minister Raitt. "Building on our previous announcement of immediate and concrete measures to move grain in Western Canada, the introduction of this legislation is another important step to address this backlog."

Transport Minister Lisa Raitt

Associated links

- [Harper Government acts to get grain moving in Western Canada](#)
- [Order in Council on grain transportation](#)
- [Crop Logistics Working Group](#)
- [Harper Government to Further Address Grain Logistics System Challenges](#)
- [Harper Government Invests in Agriculture Supply Chain](#)

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Backgrounder

Harper Government Introduces Legislation to Address Rail Capacity Challenges

Following the announcement of an [Order in Council](#) on March 7, 2014 requiring railways to meet minimum weekly targets on volume of grains transported, legislation introduced today in the House of Commons includes actions to further enhance the efficiency and predictability of the supply chain to support the competitiveness of farmers, shippers and the commodities industry.

The legislation includes amendments to the *Canada Transportation Act* and the *Canada Grain Act*.

The amendments to the legislation will:

- Authorize the Governor in Council to set grain transport volume requirements, in extraordinary circumstances, at the joint recommendation of the Minister of Transport and the Minister of Agriculture and Agri-Food. The consequence for failure to comply with these volume requirements could result in penalties of up to \$100,000 per day upon conviction.
- Create regulatory authority to allow the Canadian Transportation Agency to extend the interswitching distances in Saskatchewan, Alberta and Manitoba to 160km, for all commodities, to increase competition among railways and give shippers' access to alternative rail services.
- Create the regulatory authorities to add greater specificity to operational requirements in Service Level Agreements.
- Establish regulatory authorities in the *Canada Grain Act* to address non-performance by grain companies in their contracts with producers.

In addition, the Government of Canada announced that it will require railways to deliver more timely and granular data on grain movements to assist in monitoring the performance of the supply chain.

The Order in Council announced on March 7, 2014, was the first, and quickest, step toward getting more grain moving immediately. The Order is in effect for 90 days. It creates direct legal obligations on railways; non-compliance could result in prosecution, and upon conviction, a fine of up to \$100,000 per day. The new legislation extends the performance requirements in the OIC to August 3, 2014.

The legislation also extends the authority to set volume requirements as necessitated by circumstances.

Annually, the Canadian Transportation Agency will provide advice to the Minister of Transport as to whether minimum volume requirements may be required for the coming crop year, based on the results of annual consultations with railways, grain companies and others with an interest in the supply chain. The supply chain is a complex, integrated network that requires extensive cooperation on the part of everyone involved to increase overall fluidity.

Western Canada produced a record 76 million metric tonnes (MMT) of grain this year – 50% higher than the average crop since 2002.

The Government of Canada supports a strong rail-based supply chain system so that Canadian shippers can remain competitive in domestic, continental and offshore markets. It encourages all stakeholders to work together to establish the best commercial measures to move their product to market.